believe, the Missouri River Division to go over there and then had come back as chief engineer of the division. Very astute, calm person, as I said the other day, it would be a good idea for you to see him even though he's somewhat incapacitated from a stroke.

Q: In May 1956, you were appointed the governor of the Panama Canal Zone for a four-year term. I wonder if you could give us the background to that appointment, and also if you can tell us how your experience with the Corps may have been of help to you as governor of the Panama Canal Zone?

A: Well, I received a call one day from General Sturgis saying, "How would you like to go to the Canal Zone as governor?" Normally, the governor--going up to being governor was a course of going through the chairs. In the past, an Engineer officer would go down there as assistant Engineer, then Engineer, then lieutenant governor, and then governor. Those officers served generally for a three-year term, especially the lieutenant governor. So there was always a choice of people. I had never been in that hierarchy, and was of course somewhat surprised. But, my predecessor had apparently had some problems. His term was up, by the way. But he had some problems, and Sturgis wanted somebody down there who he knew and knew how he would operate. So, the governor of the Canal Zone has always been an officer of the Corps of Engineers up until the treaty. And I was just one of, I forget whether I was thirteenth or fourteenth or whatever, but I was appointed by President Eisenhower and began my term after being sworn in at Washington. I'd gotten my two stars, oh, almost within minutes before that. I mean, maybe a week or so before that. So, when I was sworn in, I was then a temporary major general.

Q: You were also serving concurrently as president of the Panama Canal Company?

A: The job has two hats.

Q: Could you explain for us the way in which the government and the Panama Canal Company worked there together?

A: Let me go back and sort of round out the whole pic-

ture about the canal. We got the canal after the French had failed and after dealings that are very well described in the book The Path Between the Seas, which is an excellent book. It describes everything that happened in the Panama Canal area from the time that it was even thought of by former kings of Spain, to graphic descriptions of the French effort and then the argument that went on--the negotiations that went on about the French selling their interest to us. And we, by the same token, become owners of their franchise and entered into a treaty with Panama, the 1903 treaty, that gave us rights in perpetuity to build and operate a canal and occupy the land "as if we were sovereign," to the entire exclusion of the exercise of any powers of the government of Panama over that area.

The canal was successfully built under three different people with General Goethals being the person who finished it. How he got that job is very interesting. His predecessor--let me go back one.

The bill that set up the organization to build the Panama Canal required the appointment of a commission, and this commission resided in Washington. And they stultified any efforts to make up a really progressive operation in the construction. This caused Mr. [John] Stevens, I believe it was, who was really a great man and devised the plan that really built the canal; the excavation plan, the construction plan. He devised it, but he became so irritated with the controls that the commission put on him and, in those days you must remember there were no radios, and things had to go back and forth by ship and that was a long time between requests and reply. And things were proceeding very slowly. He finally told President Roosevelt that he was going to resign, and he put it in his letter, as I understand it, the reasons for it which I just described. And he sort of thought that President [Theodore] Roosevelt would do away with the commission or nullify its powers to some degree, but Roosevelt, on the other hand, accepted the resignation and said, "I'm going to appoint a guy that can't quit." And he appointed then Colonel [George W.] Goethals to be in charge, and of course Colonel Goethals completed

the canal. It was completed in 1914.

One of the beauties about the canal is that, you must remember, there never had been locks designed of the magnitude of the locks on the Panama Canal. The machinery had to be thought up and argued about and designed. Lock walls had to hold vital machinery. It was an innovation that should be one of the great wonders of the world, probably the eighth wonder of the world. Now that was finished in 1914. That same machinery to a large extent is still operating in those locks and working in the canal. And it's due to the fact that there's a regular maintenance procedure that makes sure that everything stays in pristine condition, is replaced, or taken out and repaired. The locks formerly used to be put out of service in one lane--there are two lanes of locks--every four years to go through an intensive maintenance procedure that lasted three or four months. They've changed that procedure now to where they replace gates so that that part of the maintenance does not have to be done on site. But the fact is that it continues to operate with that old machinery, it's only old in years. As far as the condition is concerned, it's as new as it was when it went in the canal back there in 1914. And there've never been any major repairs on the locks. To my knowledge, nothing has ever failed. There have been some major changes in things that I'll describe in a little bit.

The canal was not built by Panamanians. The canal was built with U.S. supervision and a large number of the actual builders were Jamaicans and Hondurans, who were recruited in the islands and came to the canal and actually built it. Very few Panamanians to any degree were employed. It was largely the Caribbean Island-type person, most of them from islands under the control of the English.

The U.S. citizens, and of course there were lots and lots of them in supervisory positions, stayed on after the canal was finished, a great many of them, because they knew what went in there and they were capable of operating it. But, it did generate a problem because they stayed on until they retired, the sons and daughters stayed on and followed their daddies, and in some cases the third

generation. So what you had there was a group of people, marvelous people, who knew their job 100 percent, who had narrow experience in the world. And they did create a problem because they remembered what Daddy said. The canal was built with what you called a gold and silver payroll. U.S. citizens were paid in gold and other nations were paid in silver. And that gold and silver mentality continued; it was even extant when I was there. And, as a result, it was very difficult if not impossible for other than descendants of these people or people who came down under contract, to ever get high in the labor hierarchy. No Panamanian or anybody else could ever get to be a mechanic, for instance. He could carry the mechanic's box, but that was about it. I changed that to some degree when I was there because I established an apprentice school, and we did bring a lot of people into the act in higher positions. It wasn't as severe when I got there as it had been, but the forcing of the change was a very difficult, time-consuming, and a hand-holding job.

All of these employees had been raised under the aegis of my predecessors. The governor was, I wouldn't say he was the father figure, but he was in their minds. The governor was a lot more important than he actually was. He was the guy upon whom they depended and whom they could go to. General Goethals had a Sunday morning policy: everybody could come into him and approach him on any problem that bothered them, every Sunday morning his door was open to meeting with these people who wanted to come in and talk to him. And that sort of idea continued. The governor was a person they could go to as a last resort, and he was available to listen to them. So, I found myself really--this may not be the proper way to describe it, but I think it is--going down and becoming the head of a principality because the position was a great deal like that. The governor's house was the center of activity in the Canal Zone and to a large degree in Panama also.

Also in the Canal Zone, there was the commanding general of the Caribbean Command, which covered all of Latin America; a major general in charge of the Air Force; and a major general for the Army installations, of which there were many; and an admiral

in charge of Navy installations of which there was one or two. The position of the governor with respect to them was senior. Though it sounds silly, I got one more gun in my salute than they did in their salutes.

Financially, there were two organizations there. There was the government, and the governor was the head of the government. The government consisted of the health department, the schools, the police, and all those things that normally you find in a government. And the money to supply the government came from direct appropriations that I budgeted every year; went up and met with the Bureau of the Budget, the Congress and got appropriations to run the government. The other entity was the company. And the governor was president of the Panama Canal Company also. And the Panama Canal Company ran the business aspects of the canal, and that included the commissaries, the canal itself, the collection of tolls, everything having to do with business came under the company. And so, in effect, there were two organizations operating in the same headquarters building.

The company had a board of directors. There was one stockholder for the company and that was the president. The president delegated his authorities normally to the Secretary of the Army, who appointed either the Under Secretary or an Assistant Secretary as a member of the board. The other members of the board were generally civilians appointed by the governor. There was no pay in the job, but they did meet four times a year. Sometimes once in Washington, the other three times in the Canal Zone with all expenses paid. So, the company operated just like IBM, in a smaller way of course, or any other business company. It had bylaws and all that sort of thing.

The money to support the company came from tolls from ships that went through. That money was sufficient to maintain the canal, to operate the company, but in addition, to repay the appropriated funds that the government had gotten through direct appropriations from the Congress. And enough was left over to pay interest on the debt of the canal, which was caused by the bonds issued to build it, bonds and other government expenditures that went

into building the canal. So, to my way of thinking, it was almost the only government entity that not only paid its own way, but paid back some of its indebtedness. Maybe TVA does, but I'm not sure of that. But, it was fascinating to me to have to deal with an organization that I could brag about as far as not being a drain on the federal government.

I mentioned the fact that the government operated a school system, and we operated a school system that started at kindergarten and went up through a junior college. After my departure, the junior college became a full college. I tried to discourage sons and daughters, long-time family employees, from continuing their education there. I would have liked very much to have ameliorated that business of people staying on and succeeding Daddy in the canal. And I would not, I don't think, have approved putting a full college down there because I wanted to require that they go back up to the United States and finish their education there, and maybe find out that it was a better way of life up there.

Q: Can Panamanian residents go to the junior college?

A: Oh, yes. They could go there. The school system, on the other hand, was two-pronged. There was a U.S.-based type of school with curriculum devised after accredited curricula in the United States for education for people in any state of the Union. There was a Panamanian school system to take care of the Panamanians who lived in the Canal Zone. There were two kinds of towns in the Canal Zone. One for local rate and one for U.S. citizens. And in the local rate towns, there were schools, but their curriculum was a curriculum approved by the school system of Panama, the idea being that eventually they might go back over to Panama for jobs and to the University of Panama, which was quite a big school. And in order to do that, the curriculum had to be based upon a foundation that would be approved there.

Now, not all of our employees who were Panamanians lived in the Canal Zone. A great many lived in Panama. We did not have housing for everybody. It was quite an ambitious thing for Panamanians who were not housed in the Canal Zone to finally get to

the status where they could get a house in the Canal Zone. U.S. citizens, by the way, were paid 25 percent, the going rate for similar jobs in the United States. Schoolteachers and others worked on contracts, two-year contracts.

Q: Twenty-five percent more?

A: More. In other words, one of the yearly arguments was that the base we had used to put the 25 percent on, electricians wanted to use the electrical rate, I think, of the TVA, which was a similar type of organization.

The police force, I think, had about 180 police, and they generally were long-time residents down there. Daddy had been chief of police and all that sort of thing. And the fire department, the same way. I think we had 14 fire stations in the Canal Zone, which I tried to reduce, and did reduce a couple. It seemed to me there were too many of them.

There were many towns that were built and they say one was local rate--one kind was local rate and the other type was U.S. citizens. The rents were established based upon a scale that had something to do with the cost of the house. We were continually improving homes there. There was almost an annual drawing for houses. Seniority came at the top. And when somebody would leave the Canal Zone, sen- iority determined who got the vacant house. The Canal Zone maintained all landscaping, mowed the lawns, kept the streets clean, painted the houses, reroofed them, had everything to do with the out- side of the house, and that was furnished free also. But it kept the canal as a thing of beauty. It was just a beautiful place.

Now, if you have any questions about what I've said so far, because we can have another hour's lecture.

Q: No, sir. I, of course, have some other questions about the Canal Zone experience. Maybe--

A: I have lots of experience down here.

Q: Maybe the thing to do is to let you go ahead and talk, and then I can follow up with some questions

later on. I wanted to, of course, talk about your duties as governor of the Canal Zone, and I also want to get back to the question of whether your specific Corps experience was valuable for your work as Canal Zone governor; whether it was more important just having a good administrator down there rather than having a person from the Corps of Engineers.

Well, it was a job that the Corps cherished, of course. And it was the ambition of a great many people to go to the canal, and there were always people coming down there--officers coming down there who came in as assistant Engineers, and then Engineers, aspiring to be lieutenant governor perhaps, and later on become governor. And that did happen in a great many cases. Governor [David S.] Parker had been lieutenant governor at one time.

As to whether background and experience was valuable, yes, of course. I think that the experience and background of a man who'd been involved in civil works a great deal was very valuable because you learned to deal with civilians. You put aside your disciplinary Army regulation attitude and mentality because you were dealing with civilians. And it was a great assistance, of course, in the diplomatic side of the job. There was a great deal of contact with diplomats not only of Panama, but of all the 22 nations that had ambassadors and ministers in Panama. It was something, and this Ruthie and I had to learn, it was a highly social relationship, and there was a learning period that we both had to go through. But the job of dealing with high-ranking and important businessmen as Division Engineer was an extraordinary help doing that.

Well, maybe, I should go into what the job of the governor was and also of the president then. The activities will sort of be intermixed. The governor, since Goethals, had always been a Corps of Engineers officer. He was appointed for four years by the President. He went there as a civilian. No governor has ever worn military dress. I elected, when I went down there, to wear the same thing all the time so that I'd be recognized every time I went somewhere. I wore complete white with a dark blue tie. Suits, socks, shoes. And my successor

changed that completely. Nevertheless, it was very valuable because no matter where I went, I was recognized. If they didn't know your face, they at least knew, by golly, that the governor was walking down the street. And one of the really sad things, but it'll make you feel sort of good, over in the town of Colon, the first time I went over there, and I used to walk streets and go around and see things, to see old retainers who had worked on the canal, sitting down along the street and they'd get up when I walked by and take their hats off. I say sad, but I suppose that happened in the South in the old days, but it sure happened there too. But only in that one area over in Colon. In Panama City it didn't happen.

As governor, he governed and enforced the laws. There was a district attorney, a federal court, a judge. He was under the court of appeals of New Orleans, but there were also U.S. marshals who would issue subpoenas on me from time to time. The courts operated separately. They were not under my control. I did furnish them housing, but the judge was a U.S. judge and he operated in that capacity, and there were two magistrates, one on each end of the canal. And I appointed those, and they came under my control. They were the courts of original jurisdiction, and if their decision in the case was worthy of trial in the district court, those cases were referred to the district court. But the court of original jurisdiction, the magistrate solved a great many of those things. He was able to fine and so on and so forth.

There was a prison, which was under my control. It had about 100 happy or unhappy inmates. And the crimes that they'd committed ranged from, I guess, smuggling to beatings to almost everything but murder. The governor had the power of approving executions, which I was glad I never had to do. We had a Board of Pardons that reported to me, and I would grant pardons or ameliorate sentences and moderate sentences, just like a governor of any state.

It's interesting, there was a leprosarium that came under the control of the governor, which I visited a couple of times. And there were about 100 lepers. They were not required to be there. There was no leprosarium in Panama, and of course all the

lepers did come from Panama, but they were there. They were a peculiar type of person. They're generally happy, generally happy, except the brand new ones that come in that are sort of depressed. But they have their own little community. As I say, I visited them. I even went to their fiestas once in a while when they had them.

I guess one of the most important parts of the government had to do with the management of the schools. We had a school superintendent just like in Orlando.

The health department was of great importance. We had a colonel medical officer of the Army in charge of the health department. We operated Gorgas Hospital, and while I was there we started the redesign of that hospital, and subsequently a brand new one was built. The hospital that we did run, oh, I guess it had 300 or 400 rooms with a complete staff. I mean we covered everything. There was even a separate building for OB-GYN with a very prominent doctor from the United States, who retired up here and came down and got the job to run OB-GYN. There was a very competent surgery department and disease control. All aspects of community health were covered.

Another part of the health department had to do with making sure that malaria and yellow fever never raised their ugly heads again. They had to do with ships that came through the canal that might have health problems. As a matter of fact, we sequestered one ship that came through the canal that had an enormous amount of "Montezuma's Revenge" aboard. It was totally unsanitary. It was filthy. A brand new, reconstituted ship, but poorly operated. And we just held it up.

I even got a call from a senior senator about holding it up, and I described to him that there hadn't been any hot water on the ship. It had broken down after it left New York, and the way they washed the silver was to put it in a bucket of cold water and wipe it off. I had ambulances running back and forth from that ship to Gorgas Hospital all day and all night long taking care of those people. It was finally permitted to go on, but ther were hardly any passengers aboard when it finally left.

I think probably one of the things I'm proudest of to have accomplished, and this may sound peculiar, but the wife of the senior Army general talked to me one night and said she knew that we had a remarkable school system, and it was a good school system, but there was absolutely no attention being given to the handicapped. And she gave me some examples. She gave me the example of one officer who had two children who had been unfortunate enough to have been placed in incubators and over-oxygenated and had become blind, totally blind. It was one of the things that happened in the medical profession for about a year or so until they found out that they couldn't give excess oxygen to young babies in incubators. There are also kids who never seem to get good grades even though they were pretty darn bright kids. So, I jumped into the act and got the deputy head of the similar system in the state of Illinois to come down and examine the problem, tell me what the problem was, how many people there were, and how we should go about it. And he gave me very promptly a very good survey that showed that there were a lot of students with poor sight; there were a lot of students with poor hearing; there were blind children; and there were children with mental impairments, some of whom were educable, some of whom weren't; with figures and numbers and supporting data.

So, it happened that it was about the time that appropriations were coming up, and I had no problem at all with the Bureau of the Budget or the Congress having money appropriated for this program. And I sent 16 teachers to Columbia University to learn how to handle handicapped people in all of their aspects. And when they came back, we started a testing program. And sure enough we found, in one case, a student who had an IQ that was 130 or 140 who was passing all the reading courses, but almost failing the listening courses. And we had the other side of the coin too. People whose sight was impaired who couldn't read very well. So, the first thing we did, we started giving them all a physical exam on those particular aspects, and caused them to get glasses. We put the same system in the local rate schools, too. And caused them to get glasses and hearing aids, and at the same time started taking care of the blind. We got braille typewriters and teachers who could teach braille.

As to those who were mentally retarded, believe it or not, we did find in some cases that parents had kept them at home and out of public sight. But they generally were divided into two classes, as I said, the educable to some degree and the non-educable. And we were able to get the parents of that kind of student to organize into an association, and organize play yards and that sort of thing. I used to go around and see that school two or three times a year, and I had a precious little girl learning braille, who had no education whatsoever because she was blind. And here she was hitting that typewriter, reading the things. And, as I say, of all the things I did down there, some of which were quite important, I was proudest of that particular accomplishment, and it's still going on. I still get a ticket every year asking for a dollar to join the association. I am sure it is still going on.

Another part of the government was dealing with civilian organizations. I fostered and emphasized the importance of each of these cities or towns to have an elected organization. It would be the intermediary between me and all of the people who lived in the houses. Get away from having a company town to the maximum extent possible. There was some disbelief on the part of, generally, the U.S. that this wouldn't amount to a damn, and I wouldn't listen to them and I wouldn't do anything anyhow. But I used to go to their meetings, and I'd talk at their meetings, and this was local rate and U.S. citizens too. And they finally got to appreciate the fact that it was worthwhile having this self-government entity because they could give me the local feeling that I couldn't get from the administrator of the housing department, for instance. And it worked out fine, and that has been followed on by my successors, I know, and even strengthened to some degree. How it will work under the Panamanians, I don't know, because under the treaty a certain percentage of the houses will go to the Panamanians now, and in five years another big percentage. It's all spelled out in the treaty.

We had unions down there. I don't suppose that there was a union that didn't exist. And I met with them. The strongest one and the most

vociferous one was the Pilots Union. The pilots in the Canal zone are a very strong organization. You may not know but when a ship enters the canal it comes under the complete control of the pilot. The captain of the ship has no say whatsoever. And that doesn't happen in other places. In other harbors the captain still has a negative capability, but it doesn't obtain in the Canal Zone at all. But there were electrical, and laborers, and railroads, and just union after union, and I used to meet with them to find out what it was all about in the first place because I had never had to deal with unions before to that depth. Somebody had to deal with them.

I never will forget one meeting with the electrical union, and the head of that union always looked at me with a squint and a very serious face. So one time I asked him what was the matter, was he unhappy, or couldn't he smile or something like that. And he said, "This is our third meeting and all I see is the velvet glove, but I know damn well that there's a steel fist underneath it."

Other things were accomplished. Some of this is interesting history I think. The Panama Railroad existed before the French started and was caused by the gold rush in California, of course. You should read some of the stories of people who were landed at Colon and had to walk across the 50 miles to Panama to get the ship to take them up. They're really horrible stories. But when I got down there, the railroad was and had been losing money every year in large amounts, half a million dollars. In those days, half a million dollars was something. It operated from Colon to Panama City and carried freight mostly, and also ran passenger trains. And the governor had his private car. No air conditioning, of course, but you didn't need it. The railroads go fast enough. But the equipment was sort of antiquated in the boxcars and the railroad cars and the engines.

I recommended that we do away with the railroad. No, I think my predecessor recommended doing away with the railroad. I would have, but I think he did. There was a hierarchy on the railroad. There was a president and to vice-presidents, maintenance of way vice-president; and the organization

for that little 50-mile railroad was horrendous, but it was patterned after the organization of a railroad in the United States. So, I had to defend the idea of shutting down the railroad. Incidentally, all of the unions there related back to their senior union in Washington, D.C. There was no state body. They went right back up there. And they had relations with the Congress also. So, they naturally raised a lot of hell, and I was questioned thoroughly by the Congress, and the suggestion was made that they get a regular railroad fellow to come down there and analyze the problems and see what could be done. so they sent a man down there who had just recently retired as a vice-president of the Pennsylvania Railroad. And he analyzed everything very thoroughly and he made a report. And part of the report had to do with the superabundance of officials in charge of the railroad and he felt that there was a solution to the problem. Maybe we could do piggy-back stuff from one side to the other, which was sort of silly to my way of thinking. And he convinced the Congress that the railroad could be kept and could be kept operable. Great joy by everybody, but an enormous problem to me because there were no specifics.

So, I got in touch with the president of the Pennsylvania Railroad and said, "Hey, this ex-official of your railroad has put a problem on me, and I think the Pennsylvania Railroad should help me out. Your initials are P.R.R., my initials are P.R.R., Panama Railroad, Pennsylvania Railroad. And my problem stems from your man. So, I suggest this, that you look at your organization and you find some up-and-coming guy who is not as high as a division superintendent, but some up-and-coming young guy. And remember this, that this railroad serves two ports, and nobody--very few people in your organization can have to do with the activity around the ports of the United States because they're in Ohio and Indiana and other places like that. I think here's an opportunity for you to train or give training to a young man in your organization that will really enhance his value to you. Send him down to me for a couple of years, and then in a couple of years give me another."

So, he did it. And he sent me a fine guy with a lot of vim and vigor and the love of railroads.

And we got rid of all that top hierarchy, and he became the top hierarchy. We got rid of the switch crews. You know on a normal railroad, the main operator brings the train to a switch yard and then another crew has to get on and they are the ones who work the switch yard. Got rid of that idea. He did it. We got rid of the 100-mile limitation. Railroads in the United States, the crew operates the train for 100 miles, then a new crew has to come on. That's still there. We got rid of the engineer, I mean the fireman. They're oil operated. We cut it down to what a sensible business operation would be.

This excited the unions a great deal. We had two or three unions that only had one man in them, but there was a union. Conductors, firemen, so on and so forth. So they went to the Congress and said I was disturbing and ruining standard railroad practice. It so happened that the chairman of the subcommittee that dealt with the Panama Canal was a Mrs. Sullivan from Missouri who understood the problems very well. So she told them, "Do you or don't you want a railroad? If you want to insist on the things you're demanding, then there won't be a railroad. If you continue to want a job on a railroad and [to want to] run the railroad, it's got to be the way it is." And they said, "Well, we guess we better go along with the plan the way it is."

Well, through him and his knowledge of the railroad we found freight cars and passenger cars that were surplused for needs in the Pennsylvania system or other systems, got new locomotives, got better track maintenance, got bigger track in. He did a superb job for me. And then in three years they called him back. And then they replaced him, the Pennsylvania Railroad replaced him with another fellow whose forte happened to be equipment. And, as a result, our losses went down the first year some $60 thousand, and it may have broken even after the third year. That's something I'm a little proud of having done mostly because it improved the equipment so much.

When I got to the Canal Zone, they were about 10 percent into a major project of changing the whole electrical system from 25 to 60 cycle. That may sound peculiar, but when the canal was built, the

normal electric generation was 25 cycle. And as time passed everything in the United States and worldwide practically was 60 cycle. And it had gotten to the point where there were no spare parts for anything 25 cycle. Only in Canada were there still some relics in the 25-cycle era. As a result, refrigerators were having a terrible time keeping going because there were no spare parts or no equipment that would work on 25-cycle electricity. So the program had been started covering the whole Canal Zone to change everything to 60 cycle. It was a major program because we had generating at 60 cycle. We had no air conditioners because there were no such things as 25-cycle air conditioners. So as the cities or the towns were changed to 60 cycle, the commissaries really had a heyday in selling new refrigerators and air conditioners and flat irons and all that sort of stuff. We had a great year that year in our commissaries because of the sales of that equipment. The joy to most of the residents who had never experienced air conditioning before was to have an air conditioner. And the houses that we built subsequent to that change always had a place in every room for one of these air conditioners.

One night I was long asleep and the phone rang. I had a butler in the house, but it got to me before it got to him. And this pilot, "Governor," he says, "I'm just madder than hell." He says, "I've been on a boat for 15 hours, and I just got back here to Colon looking forward to getting in that ice cold room of mine, and the electricity was off. What are you going to do about getting electricity to [whatever the name of the town was]?" And then he said, "Oop. Just came on. Thank you a lot." [laughter] But that's how personal the governor was to people in the zone. He may have had reluctance to call me, but by God he did call me.

He fussed with me. But changing some of the old motors and generators from 25 to 60 cycle was a long, involved job. And it was let on contract and done very well. But the equipment still looks old like it did before. Only the windings were changed. Lots of motors changed in the locks, of course, and other places.

First time I went up with an appropriation that my

predecessor had prepared, there were quite a number of items for the dredging division. The dredging division in the canal was almost autonomous. It was headquartered in the middle of the canal, in a little town in the middle of the canal, where they still talk about gold and silver rate people. It was so powerful because it was the most important division during the construction of the canal. And they practically had access to the Congress separately from General Goethals. It was a powerful entity because they spent all the money, most of the money, in building the canal except the locks. And a lot of that power in their minds still obtained. And we had dredges, and every year a dredging budget was put in which they prepared. And the year I got there, it involved taking out some little islands and a few other projects that they had always put in against the day when there wouldn't be major works to do. And I went up ignorantly to the Bureau of the Budget and they worked me over quite a bit. And they said, "My goodness, here come the same old projects again, and Joe, what the hell"--I used to know them very well having appeared before them for MRD in Kansas City--"what are you going to do about that outfit?" So I said, "Let's knock out the island and keep in the budget only those essential things to keep the canal operating, and next year I will come up to you with a master plan for the canal."

When I got back, I formed a long-range planning organization, and this organization had to look not only at the growth of traffic and the projection of traffic, but also at what had to be done in the canal as the traffic increased. The constraints on traffic are--going through the canal are several, but of course the locks are one, and the capacity of the locks, and the time it takes a ship to be locked through, that's one constraint that controls how many ships can go through the canal. But the other constraint was the narrow part of the canal, 300 feet wide, that went through Culebra Cut. And if that could have been widened, then we could have had two ships passing in Culebra Cut instead of having to wait at each end of it.

And of course Culebra Cut was the real touchy thing in the construction of the canal because where it started out as a rather abrupt cut, it ended up as

a very flat cut because it was in a very peculiar material that slid under its own weight. So if we could have widened the canal to 500 feet through there, we could have increased capacity enormously. Our master plan that I took up the next year provided for the widening of the Culebra Cut over a four- or five-year period, and it was met with joy in the Bureau of the Budget because they could see that something positive was going on down there rather than going by the old standards. And the long-range planning organization really was the organization that provided for the format of budgets from then on out.

Q: Could I ask you just one question? I'm not clear. To whom did the dredging division report? Was it to the company or to the governor?

A: It's in the company. I've described things that had to do with the government and the company in this list of projects that I've described. But the only items that I have described to you that were under the government were the schools, the handicap thing; the citizen's organizations; and any reference to towns, the cities and so on; and the health department. That came under the government.

Q: So the dredging division was using appropriated funds?

A: That I had gotten, that I would get and be allocated to them for projects that they would have liked to have done rather than projects that came under what we call the long-range master plan.

Q: Well that leads me to the question, what percentage of the monies used by the company were appropriated and what percentage came from canal revenues?

A: Well, as I remember, the appropriations for the government were about $20 million in 1957-1958. There were no appropriations to the company. The company operated on its own cash and made enough to not only maintain the canal, but to repay the $10 million--or $20 million, and pay off $5 or $6 million worth of debt.

Q: But, presumably, the dredging division could not have survived without the money it got from the government for its work?

A: No. The dredging division was supported by the company. It was part of the company, not the government.

Q: But without those projects that you came to the Bureau of the Budget to get funded, would the dredging division have had any work to do?

A: Of course, they approved the budget of the company also. Another project we did was build a bridge over the canal.

Q: This was a new high-level bridge?

A: A new high-level bridge. It had always been desired because the only way to go from one side of Panama to the other side of Panama through the canal was to go over the bridge at Miraflores Locks, which was narrow and constrained and sometimes was out of the way when ships were going through. So, there'd been a project in the works for some time to put a bridge over the canal, and Congress finally decided to fund it. And I got Leif Sverdrup to design it, and its construction was started while I was there but not completed until I left.

And, let's see. One other project. The locomotives--you're not familiar with the way the canal operates, but when a ship comes into the locks, it's tied to locomotives that are on the lock walls and they keep it in the middle. They keep it from going backward and forward. They control that ship while it's in the locks. And those locomotives had gotten to the point where they were almost incapable of being repaired without complete rebuilding and casting of frames and all that. We had a big maintenance yard over in Colon, but the job was getting sort of out of hand, and they were not heavy enough. They were designed for ships of 5,000 to 8,000 tons, and we were getting ships through there that were 70,000 and 80,000 tons or bigger. So we designed new locomotives and took bids, and lo and behold, we had two United States' firms' bids and one Japanese bid. And the Japanese bid was much lower than the U.S. bids. I recommended to the Secretary that we buy the Japanese locomotives. Logically, this caused hoorah. And in their examination of the reply to

the Japanese, they were able to find certain things that they hadn't answered directly, things that might have vitiated the acceptance. But they couldn't quite swallow the idea that the bid was so low against the U.S. that they wanted to assign it in the U.S. So, they said, "Why don't you re-advertise and change some of the specs?" Which I did, not severely but enough.

And when we readvertised, of course, the Japanese were low again. But by then they knew what the U.S. bid was going to be. So their bid was higher than it was before. Very clever people, even as you and I. So we entered into a contract with them. Sent a man to Japan, and they built new locomotives, and those are the ones that operate the canal today.

And the last major project that I want to discuss is the house, the governor's house. It had been Colonel Goethals' house, which, as I remember, was somewhere around Culebra Cut when it was erected. Subsequent to the completion of the hotel, it had been moved to its present location, the location when I came there. But it was an old house and it was a wood house, and it took a lot of maintenance. But it was a beautiful old house, southern-style home. And my predecessor had told the board of directors that he was going to go for a new house; tear that one down and build a new governor's mansion.

I heard about that about the time I was going to be appointed, and I'd been sort of surveyed by one of the civilian members of the board of directors who came to Omaha to see what kind of guy I was, and he went around the Division with me just to see how I reacted to people and all that sort of thing. A man by the name of Ted Bacon. And so I called him and said, "Don't let him do it. I want to see it before it's done," because I like historic things and I wanted to see whether it was all right. So they didn't let him do it. So I came down there and of course admired the old house, even with no air conditioning. No, it didn't have air conditioning because we hadn't 60 cycle in that area yet. And I got ahold, through recommendations, of an architect. I believe he came from Baltimore. He came down there and I told him I wanted to save

the outside aspect of the house, but let's modernize the inside. The house was on stilts at that time. And I also wanted the view of the house to be improved by having terraces put in front of it and additions to the landscaping. And so he did a lot of design and we let the job by contract. In the meantime, I moved into the brand new lieutenant governor's house as soon as it was finished. And while we lived in the old governor's house, oh, for close to a year, we were out of it for almost another year, and during the height of the construction there was nothing left but the shell of that house, but it finally had a basement under it that had washrooms and liquor storage and a place for the servants to sleep. It was beautifully done inside, changed the main stairway, the upstairs was fixed up, a major air conditioning plant in the basement, and it ended up we had a facility that was highly usable. Certain areas like the public reception areas I did not air condition because there was lots of breeze. It was high on the hill. But we ended up with a damn good house at a cost of, which I don't know if it ever came out or not, but about two-thirds of a new similar type of mansion. It cost about $300,000 to do that. And then we completely refurnished the inside. New furniture. We decided on what type of tables. We bought rugs and carpets and pictures. And one little private apartment where VIPs were kept was completely furnished in very fine Japanese antiques. Just a lovely, lovely place.

So we saved the old mansion and it's still there.

Q: Very nice.

A: So. That subject is the job of the governor and the president. And the next item I was going to discuss was relations with Panama. Why don't you ask all your questions having to do with that?

Q: Well, I want to ask you a followup to what you have been talking about, some of your accomplishments.

A: Well, immodestly, of course, but they should be on the record.

Q: I appreciate you saying it. You got involved in a fairly large excavation project, didn't you while you were governor there?

A: Yeah, that was the--

Q: Culebra--

A: The Culebra Cut thing that I talked to you about.

Q: Okay.

A: Widening from 300 to 500 feet.

Q: Didn't you say that it actually got started?

A: Oh, yes, I had the first two projects under contract. When I left, there were two more projects that my successors did.

Q: I just wanted to clarify that.

You're going to turn your attention to relations with Panama, so I will go ahead and ask you a few questions. Probably you were going to cover these anyway.

I want to ask you about a 1955 treaty with Panama. According to my source, it raised the annual payment that the United States paid Panama from $430,000 to $1,930,000. But Panamanians, some of them at least, called this treaty the Chamber of Commerce treaty because it put money in the hands of the upper class only. One clause in the treaty required that the Panamanians in the Canal Zone could not use commissaries in the Canal Zone, but had to do their shopping in Panama City. This, presumably, would have been a real boon to merchants in Panama City, who were evidently losing business to the Canal Zone. Was this treaty a real problem for you while you were governor?

A: It surely was. Maybe I ought to back up a little bit. I brought out the fact that the 1903 treaty was the original treaty. It had many things in it they were highly unhappy with, the Panamanians. We used to maintain the streets in Panama City. We collected the garbage in Panama City. We were able, under the treaty, to move in any time we wanted to in case of civil disorder and anything like that. In other words, we in effect sat over local government when, as, and if we wanted to, and the streets were maintained and the garbage was collected.

There was a treaty in the 1930s that changed some of those things and put back on them at their request, maintenance of their own facility, us not moving in militarily, taking away some of the onerous things they thought of. And also another important thing, the original treaty gave them $250,000 a year [in] gold, and Roosevelt went off gold. And so that was raised to a comparable figure for the new value or devaluation of gold. It went up to some $400,000, something like that.

Then came the 1955 treaty. And the 1955 treaty had many, many articles--all of them they requested--but of course they didn't get all they requested during the negotiation time. Prior to that time, our government had set up the organization I described with the government and the Panama Canal Company. What they wanted to do was make it a business organization, which made the Panamanians unhappy also, but it was not touched.

The point you brought up, the Panamanians employed in the Canal Zone but living in Panama could no longer use the commissaries. And this was a horrible blow to them. Their diet involved a great deal of use of oil, cooking oil. We used to get it in 50-gallon drums and put pumps in the drums, and they'd come by with their gallon jugs and "buy ile," as they called it. Oil, rice, pigs' feet, chicken necks, we used to import those by shiploads and sell them to the commissaries, and we were able to do it at a pretty low price. But Panamanian merchants were very unhappy, of course. As a part of the treaty they insisted on, and we agreed, that the employees who lived in Panama could no longer use the commissaries. And that causes the comment that you made, that it was for the rich guys and not the poor guys.

There was another clause in there that we would foster to the maximum extent possible, and these are not the words, the ability of Panamanian merchants to get contracts in the zone and to sell supplies to the zone. Well, first thing that happened after I got there, we'd advertised a big contract for rice. And the low bidders were U.S. firms; we raise a lot of rice in this country. And the Panamanians were about third low bidder at an appreciably higher price. And I awarded the

contract to the low bidder, of course. And they went as high as the State Department to protest that award saying that I should have awarded it to the Panamanian merchants, who were going to buy the rice from the same place and just tag on their little agent's fee. It was remarkable to me the pressure I got from the State Department to maybe bend a little to give it to them. Well, as a business man I couldn't do it. I just couldn't do it.

They raised potatoes in the central part of Panama, many miles away. The cost of the potatoes was about three times the imported value of the cost of potatoes from Maine. Well, I couldn't buy their potatoes. There were other items in that treaty that I just don't remember at this time, but it had a great impact on the residents of Panama who worked in the Canal Zone.

There was another group there that I always felt a great deal of sympathy for. I told you at the beginning that the canal had been built by Jamaicans and other islanders from the Caribbean, and the contract with them provided that after the work was finished they would be taken back to their homes. What I'm about to say is not hearsay, but it might not be totally exact. But it's the general picture of what happened. A great many of those people had been in the Canal Zone working for, oh, four, five, six years, and the Panamanians importuned them, not to go back, a large group of them not to go back, but to stay there. And a large group did stay. And of course they got retired pay from the the Panama Canal Company or government, I forget which. But it was a very, very small amount of money, because pay in 1914 was small compared to 1956. And a lot of these people lived in poverty, but they were sort of worked over or, I don't know quite the right word, but some of the lower class Panamanians would like to move in with them and try to get a piece of that little retirement pay they have. They had some minor, minor privileges in the hospitals in the Canal Zone, but I think the treaty took most of those away from them, and there were severe health problems. These dear old people would visit me and they'd always put their best clothes on, whatever they had, to see if there wasn't something that I could do to help out in the problems that they

had. I think subsequently things were done for them.

Well, there were other items. Of course, again, this is surmise on my part, but I think again it's correct, when the Panamanians, and I think most Latins are this way too--they're wonderful people by the way, but watch out for them on business--when they go into negotiations for a treaty, there's always give and take. And when the treaty is finally signed, well, they asked, for instance, that the "in perpetuity" clause be removed, and we didn't do it. But they asked for it, and they asked for a great many other things that were not in the final treaty. The mentality was that they were still getting all the things that they asked for at the beginning, you get my point? So there were arguments after arguments. Fortunately, I had a very wonderful man by the name of Paul Runnestrand, who occupied really a position of secretary of state of the Canal Zone, chief of protocol, that sort of thing. He lived through all the treaties, he's been down there for years, and lives over in Winter Park by the way now. And many of those problems were settleable by reading the treaty. No matter how good you are in devising a treaty, it still had to be translated into Spanish, and a great deal of time takes place making the proper Spanish word equal to the proper English word, and there are always arguments on that sort of thing that went on all the time.

I had a dairy, 600 cattle. Every now and again we'd get a gift. Sherm Adams gave us a wonderful bull, by the way, after he was down there. It was a wonderful, wonderful dairy. The cattle were kept in great shape. We had all the proper equipment, all that sort of thing. And we produced milk, which first went to the commissaries and then the military, but there generally was enough for both the commissaries and the military, and this offended the Panamanians to no end because they also had dairy cattle. Now, their dairy cattle weren't kept up in any sort of shape at all. Where we'd get a gallon a day, they'd get a quart a day out of their cattle. But they did have an industry, and it offended them to no end that I produced milk and my predecessors produced milk in the Canal Zone and we wouldn't buy their milk. And that was the truth.

We would import powdered milk and pasteurized milk and other milk products, but generally wouldn't buy their milk mainly because when we inspected their facilities they were not up to the standards of sanitation that we required in our own equipment. But finally, I think one of my successors did away with the dairy.

I had a, this might almost make you laugh, but we had quite a chemical operation that produced pharmacy items. One of the favorite things was a recipe that had come from canal construction days of a bottle liquid that was universally used to put on your face and hands to do away with the effects of heat, and it had great cooling powers. And, golly, we could hardly keep it in stock. We made our own aspirin, we made our own mouthwash, we made everything that you'd find in a drugstore at about half or third the price of comparable items that might have been imported from the states. It was a complete drugstore operation, and the price that it produced and still made us a profit was so far below the other kinds of stuff that there was no way there could be competition.

Under the philosophy of the treaty, they saw the big market in this cooling lotion and we said, "Okay, we'll give you the makeup of the stuff, and you'll produce it, and we'll see how it works out." Well, one of the first things they did was take out the eucalyptus or something else that was a prime element -- that people were used to having in the product, you know, part of the smell and so on. They got very irritated when we refused to put their stuff on the stores market. I think that operation is now gone.

We had an ice cream plant and made every kind of ice cream there was, modern ways and all that sort of thing. How long that lasted, I don't know but it was still going when I was there because when Mrs. Potter wanted peach ice cream, we got peach ice cream.

Q: Did you get to know the Panamanian president while you were there, Ernesto de la Guardia, Jr.?

A: All right, let me go down this subtitle I have of "Relations with Panama."

Q: Okay.

A: The Canal Zone was the most important industry in Panama. Panama, I don't remember the exact figures, but if you looked at the exports and imports, you'd find that their imports were always much higher than their exports. They didn't export an awful lot. The balance came from income from the canal. We hired their contractors. We purchased some supplies from them. Our payroll went over into Panama, a very large payroll, by the way, went over into Panama. And so we were to them, in our minds at least, the most important industry in Panama as far as their financial stability.

Incidentally, we also furnished them water, which they, in the last two years I was there, never paid for. They thought it was their water even though we purified it and pumped it and put the mains in and all that sort of thing.

We were the only Latin American country where our position as a whipping boy came ahead of the fruit company. In most Latin American countries, the fruit company is the one they beat over the head and try to get more monies from. But we were top drawer in the beating department because they always wanted more out of us.

That establishes, I think, the position of the Canal Zone with respect to the Panamanians financially but not politically because they always resented the fact that they didn't own the canal even though they had signed that treaty. I won't go into the details of the 1903 treaty. It's been published too often, and is done so well in The Path Between the Seas. But, because of public relations aspects that I have and my own personal policies, I became a very popular person in Panama, and the governorship was respected. And I'm not being immodest in saying that. It's true. I was a great friend of de la Guardia's predecessor, President [Arnulfo] Arias. In fact, Arias called me up one night in the middle of the night and said that his son and some guests were out in a boat and they hadn't returned and they felt that they might be lost at sea. Would I please help? So I got my tugs and boats and sent them out to the Pacific Ocean, and we searched the ocean and finally found

them ashore many miles outside of Panama. Their boat had gone bad and they had floated ashore. I would do that sort of thing, and I think he would have done similar things for me.

When we first went down there, I did the protocol thing of calling on every ambassador, myself, not Mrs. Potter, and there were 22 there. And then they returned all the calls to me. These were five-minute calls. You just went in and complimented them, and said how glad I am to be here, and they came and called on you. It's a diplomatic rote that happens every time a new ambassador goes to any state capital, and a time waster. But you got to know people that way.

And when they had receptions, we were invited to the receptions. I had, in those days, a very large entertainment allowance.

Q: Who was your predecessor?

A: [John S.] Seybold. With President de la Guardia, we were boon companions, close, close friends. Every now and again we'd play golf over in the Canal Zone, and after we played golf we'd go back to the governor's house, he'd call his wife up and say, "Come on over, we're staying here, we're going to have some cheese and something to eat." And she'd come over, and we'd go on into the evening. I'd get some of the Canal Zone people in and we'd have a party of 10 or 15 people. In the meantime, the front yard was occupied by armed soldiers. The predecessor of Arias had been assassinated in Panama, you know. If there was a sudden noise these guys were going around the house with their machine guns, but that was a way of life. Any time an ambassador was going to decorate the president, all of us were called to go to the presidencia no matter what time of day or night, and we'd line up in the presidencia and a medal would be awarded, and we'd all shake hands, and then we'd all go home.

With the business people of Panama, the same sort of thing existed. We did an awful lot of entertaining. I went through my diaries this morning again, and page after page for four years, this person called, and we went to that party, and we had this party. We had a great capability there

because an important part of the Canal Zone was the Hotel Tivoli. At the Hotel Tivoli, one of their first guests was President Roosevelt, Teddy Roosevelt. It was another one of those big barn buildings with no air conditioning. Mrs. Potter took this on as a project because she loved the Tivoli, and we improved the big patio in back, and we started to air condition some suites, and fixed it up so that it was viable. But it had a darn good cast of chefs and waiters, so that at the governor's house we had a butler and a cook and a maid, a very small staff. But when we entertained, we would move the staff of the Tivoli over there, and had great competence for our dinners. We could seat up to 24, I think, in the dining room, and did it frequently. Mrs. Potter worked out the menus, and got them the recipes, and supervised to the extent that when we left, the maintenance department gave us a party down in one of the maintenance buildings. And the head of maintenance, Duncan Brown, Colonel Brown, came out and said he wanted to give Mrs. Potter her fourth whip. And he said, "You've worn out the other three." And he gave her one of these big bull whips, you know.

Q: Do you still have it?

A: I guess it's around somewhere, I don't know. She is a perfectionist as you'll find out. She knew her job. She not only developed into her job, but she knew her job, and she's a great hostess and a great governor's wife.

Q: Could I just interrupt you right there for a moment because you do bring up a subject I actually wanted to ask you about? Do you think that when you were approved to become the governor of the Canal Zone, that one of the things that General Sturgis had in mind was your ability to get along with people? They were looking for a person who had a kind of a PR ability.

A: Outgoing, yes. I'm sure that was a part of it.

Q: And how about Mrs. Potter?

A: Same way. Very, very much a lady. One of the great ladies that I've ever met.

Q: Said objectively.

A: Yes, sir. I'm not comparing that with a housewife capability, but as a manager and a doer of things.

Q: Okay. I'm sorry, go ahead.

A: In my relations with Panama, of course, I told you about Paul Runnestrand, who was in effect my secretary of state, but in dealing with the military I always had what was called a military assistant. And while I was there I had three of them. The first was Major Dave Smith, and with his wife Gloria he assisted us in discovering the complexity of the job. They are an outstanding couple with whom we still maintain contact. The last one was Colonel H.C. Jones, he was then a major. He and his wife were just wonderful, wonderful people, and he took on the job of being my right hand, and his wife took on the job of being Ruthie's right hand. When we gave a party, she assisted in the planning and she manned the sign-in book. She saw that the guests came in and were introduced. She stood in the line for the reception and kept things moving.

Subsequently, he went back to the Corps of Engineers and eventually became District Engineer in New York City. We kept in very close contact because of our mutual respect for each other. They were darn near son and daughter of ours, though they weren't quite young enough to come into the category, but we always have felt that way about them. And he said that he was going to have to get out of the Army. And I said, "You're silly to get out of the Army because you'll get to be a general officer. There's no way out." He said, "I can't afford to stay in." So he retired with 22 years' service, and I employed him down here as chief of Civil Works for the Reedy Creek Improvement District, which is the government of the Walt Disney property. And, subsequently, he went over to company employ rather than District employ, and became head of the utility companies, which include the water, electricity, the distribution systems, everything having to do with utilities. It's a company privately owned by Disney, but he became head of that and did such a good job that within the last six to eight months he's been appointed to head the project in Japan where we're building a

theme park for the Japanese something like Disney World. He will be moving out there permanently quite shortly. I'm very proud that I had something to do with that on both sides.

As I told you, there are about 22 ambassadors, and we were continually going to embassies and they were continually coming to our house. One of the funny things that happened, the Spanish ambassador was a career ambassador on his last tour. A rather elderly man, and his lady was a pure Spanish type who wore the black mantilla over her head and spoke not a word of English. The ambassador hardly spoke any at all, but she spoke none. And the first time we went to their embassy for dinner or what have you, I suddenly looked up and there was my wife sitting on a sofa with his wife, and my wife doesn't even understand one word of Spanish and they were chattering away as if they were life-long friends. And I just couldn't understand it, and I kidded her about it, but believe it or not the old lady would call her at the house and they'd chat over the phone. Neither one of them knew what the hell they were talking about, but she was having trouble with one of her daughters and we were having trouble with one of our daughters and they were probably just going on about those problems. I will never be able to understand what they talked about. [laughter]

Q: You talked about the ambassadors to Panama coming to pay respects to the Canal Zone governor.

A: Yes, and I called on them first. Oh, that took a week to get them all done, you know. Some of those were pretty nice guys. Some of them were just holders-on, you know what I mean. But there were 22 of them there at that time.

There was a social relationship with Panama, and we made dear friends there who are still dear friends. One of them is the Huertematte family, one of the dowager families of Panama. The sisters married presidents. Bobby Huertematte, who graduated from Yale, still remains a very dear friend and his sister also. He at one time was one of Dag Hammarskjöld's two deputies and was in the United Nations for quite a while. Charming fellow. I bring him up as just an example of the fact that

there's great graciousness in Latin Americans, great graciousness. And they're lovely, lovely people to have to do with socially. But of course they're electric when it comes to business and expressing their feelings in other matters.

One of the things that always caused some problems was what is mentioned in the treaty as titular sovereignty. We had, under the treaty, occupied as if we were sovereign, in those words. But they retained what they said was titular sovereignty, and that derived from an idea that if we ever moved out, it would be theirs again. So they objected very strongly to the fact that no Panamanian flag was flown in the Canal Zone. Panamanian-type schools, the local rate schools, always had a Panamanian flag crossed with a U.S. flag, but the flag in front of the governor's house was a U.S. flag, and in the Canal Zone there was no Panamanian flag. And this got to be a source of bitterness. President Eisenhower finally agreed that there would be one Panamanian flag flown and it would be in a little square between Panama and the Canal Zone, in the Canal Zone in front of the Tivoli Hotel. Incidentally, under the treaty, we could no longer take commercial guests who were visiting Panama into the Tivoli Hotel. It used to be the Tivoli would be full all the time. People would come down on boats who knew about the Tivoli, and they would come there and stay. But under the treaty we could only retain guests there who had business in the Canal Zone.

Another thing, I don't know if the treaty touched this, but we had the mailboxes--we had a postal system. We issued our own stamps. I have a complete collection of the stamps that were issued from the time that I got there until we went under the new treaty. But we issued our own stamps, ran our own postal service; our stamps were beautiful things. You should see some. But in the post office nearest Panama City there were mailboxes. And despite the fact that they didn't like things U.S., a large number of those boxes were rented by prominent people in Panama, prominent Panamanians. And that way they could get mail and make sure that it wasn't going through any examination by the Panamanian postal system. And under the philosophy of the '55 treaty, I suggested to most of them that

we would close those mailboxes to their use, and, oh, gad, I got calls over at the governor's house, "It's not necessary to do that." I guess I've covered all I can think of on our relations with Panama up until we get to the time of the riots.

Q: Well, let me just go back then and ask you a question that I first posed to you a few minutes ago. Your relationship with de la Guardia?

A: Personal, excellent until the riots. After that I never saw him. I'll go into that a little later.

Q: What did you think of him as a person, I mean?

A: Charming, and she was a wonderful lady, just a wonderful lady. But I said, I've never seen him since the riots, and we were together at least every week up until then.

Q: You had a public information officer down there who you evidently thought very highly of.

A: Will Arey.

Q: That's right. He must have helped you quite a bit during those riots later on and tried to defuse some of the anti-Americanism.

A: It was impossible. It was being treated at a State Department level. He did all he could, of course. You know he became assistant head of the U.S. Travel Service.

Q: He, evidently, in an attempt to mollify some of the protestors, Panamanian protestors, he had lampposts on the fourth of July in the Canal Zone painted with both U.S. and Panamanian flags. Do you recall anything about that?

A: Oh, yes, vaguely.

Q: This is evidently something that received some very favorable response on the part of the Panamanians. You reigned over a little ceremony while you were governor of the Panama Canal Zone. The one-billionth ton of cargo came through the Canal Zone on the Edward Luckenbach.

A: That's right, and we had a great celebration at Miraflores Locks. We issued first-day covers for it. I signed a lot of envelopes with the billionth day on it. It was quite a ceremony.

Q: I'd like to go over some personalities again with whom you probably had some contact while you were in Panama. Some of these people were on the board of directors of the company. Wilbur Brucker, Secretary of the Army?

A: He and I became good friends, and he visited down there several times. He always stayed at the house. Did a lot of shopping down there. He was, quote, "Secretary of the Army." He knew his position. I mean, he was not always on time for things, for instance. But I respected him. He came from Michigan I believe. Had he been governor of Michigan?

Q: I don't know.

A: I have a signed picture of congratulations from him.

Q: Congratulating you for what?

A: Oh, for a wonderful job, you know the kind of thing.

Q: For your work in the Canal Zone?

A: Not only that, but when I retired from the Army, he, himself, officiated at my retirement in his office and pinned on my final medal, the Distinguished Service Medal.

Q: What can you tell me about George H. Roderick, Assistant Secretary of the Army?

A: Pinky, Pinky Roderick. He was the man deputized by Brucker to be on the board of directors and to be chairman of the board of directors. Came from Michigan, too. He'd been high up in a furniture organization there. Knew his job. A very charming guy, and also his wife. Very, very fond of them, and really couldn't see enough of them.

Q: Ogden Reid?

A: He wasn't on the board, but I knew him and respected him to no end. Beyond that I really can't say much. He was the--oh, wait a minute, wait a minute. He was the owner-operator of the Herald Tribune in New York.

Q: That's right.

A: Oh, yes. Yes, indeed. Liked him a great deal. He was very understanding. When I went to New York for the World's Fair I saw him there a couple of times.

Q: He evidently was on the board of directors for a while according to some information I got.

A: Maybe so.

Q: Julian L. Schley, who, of course, was a former Chief of Engineers?

A: Yes. Also, he'd been a governor, and he was on the board for a while. And he used to come down there, not frequently, but often, and he and his wife would always stay at the mansion with us. He always insisted that his ex-governorship did not take precedence over my then present governorship. And even though he was much senior to me and had been Chief of Engineers in my younger days, he would never sit on the right of the car. He made me sit on the right of the car behind the governor's flag.

Q: Some of these other members of the board of directors I don't know whether you had much contact with. Let me just go over some names. If they seem to be somebody whom you think you would like to comment on, go right ahead. Do you recall John H. Blaffer?

A: Oh, John Blaffer's father and one or two others formed one of the biggest oil companies in the United States. He was not a poor man. An extraordinarily interesting man. Besides inheriting a lot of wealth, he made so much himself that he didn't take any part of the inherited wealth from his mother and father, passed that on to his children. Had a great estate in Houston, and a 16,000-acre hunting preserve in Alabama. And I went down there twice. I visited him in Houston.

Even after I left, we maintained a friendship. I went out to visit him before he died. He died of cancer of the esophagus. A very close friend of mine.

Q: Robert P. Burrows?

A: Yes, from either New Hampshire or Maine.

Q: Manchester, New Hampshire.

A: Yes, New Hampshire. Very well thought of fellow, very pleasant guy.

Q: What about Ralph H. Cake, Portland, Oregon?

A: One of the most interesting men I've ever met. In the Republican party, he was a kingmaker. He had a great deal to do in the inner circles of the Republican party. Was a close advisor to Nixon, who did not always follow his advice. Very highly respected. Had an insurance company out in Seattle or Portland. Portland I believe. We maintained friendships and used to confide in each other for years afterwards until he died. I think he was the only one when they changed the whole board of directors under Kennedy, the only one who was reappointed on the board.

Q: Major General Glen E. Edgerton?

A: Oh, yes. Edgerton.

Q: Edgerton, retired by that time.

A: Yes, and I'd known him for a long time. I admired him and respected his advice at all times. Top-drawer officer.

Q: Was he a major general in the Corps?

A: Yes.

Q: How about Howard C. Peterson?

A: He was a big banker from Philadelphia and a valuable member of the board. All of these people were valuable members, and they used to be quite religious in coming down to the meetings when we held

them in the Canal Zone.

Q: And Charles S. Reed from Omaha?

A: Oh, a great friend, but not quite of the caliber of these other people, but in Omaha quite an important fellow. Cantankerous, sort of acid at times, severe ideas or strong ideas that we shouldn't give in an inch to the Panamanians and that sort of thing.

Q: Ralph Tudor?

A: Yes, Ralph Tudor who eventually became Secretary of the Interior. Had an engineering firm in San Francisco. Of the same quality as Jack Sverdrup. He became frustrated in the Interior because the bureaucracy underneath can always strangle. No matter what you want to do, the bureaucracy can go sideways from you. Wrote quite an article in the Saturday Evening Post on his experiences. Stayed there, I think, about two years.

Q: Then there's the American ambassador to Panama, Julian F. Harrington?

A: He was the ambassador during all the time I was there. A career diplomat, who thoroughly understood the position of an ambassador. He met me at the plane when I arrived, was always available for consultation. He didn't particularly appreciate the probably more important position with the Panamanians of the governor of the Canal Zone. I know he didn't approve of things I did.

Q: Anything in particular?

A: No, but he didn't. He would have liked it very much if I did everything through the embassy rather than going directly, but I wouldn't work that way. Subsequent to my departure, the State Department was able to establish a policy that the ambassador was more important than the governor.

Q: Who was your lieutenant governor?

A: I had two of them. When I went down there, Colonel [Herman W.] Schull was the lieutenant governor. He and I had been classmates at West Point, even

roommates. We kept in contact over the years. My youngest daughter married his youngest son in the Canal Zone. One of the great weddings that ever took place, I'm telling you. At that wedding, all the ambassadors were there. We had a band, Luco Ascaraga, who was one of the great musicians. He plays the organ. And his two sons do the maracas and the drums. He plays exciting music. Remind me, I'll play one of his pieces tonight. Travelled to the United States each year for a series of concerts. His gift to my oldest daughter who was married in Washington, D.C., after I left the Canal Zone, was to come up with his conjunto and play at her wedding. That was his gift. Another gift was from Bishop Goodyn, who was the Episcopal bishop, not only of Panama but of other countries down there. He married Susie, my youngest, in the Canal Zone, but when Joey was going to be married I asked him whether it wouldn't be possible for him to come up to the United States for a retreat, you know, a religious retreat. And he said, "No problem at all," and he came up and he married Joey in Washington.

Q: Very nice.

A: There are other people, too. My other lieutenant governor was Colonel [John] McElheny. He and I were not the most compatible people in the world.

Q: He was there during the anti-American riots?

A: Yes.

Q: Do you have some notes about the riots and their origin that you wanted to get into?

A: Yes.

Q: Why don't you elucidate that if you'd like, and then I will follow up with some questions afterwards and sort of fill in anything.

A: The next subject I'd like to discuss because nationally it was of considerable importance and had a great effect on my career, is the riots that took place in Panama against the Canal Zone in 1959. I have discussed in some detail my position with respect to the Panamanian government and the makeup of the population of the Canal Zone, and their differing philosophies.

The U.S. wages in the Canal Zone were based on U.S. wages in the states for similar expertises, increased by percent. The residents of the Canal Zone lived a good life. The wages of Panamanians employed in the Canal Zone were not as high as the U.S. citizen wages. An attempt was made to judge them more on what was paid for similar crafts in Panama but our scales were higher than was paid for similar jobs in Panama. The fact remains also that the more elevated jobs were held by U.S. citizens, and very few Panamanians could aspire to getting to a position in management in the Canal Zone. Another example: the wages of a carpenter in Panama were so far below the wages of a U.S. citizen carpenter. And there were some in the Canal Zone, the difference was laughable. Nevertheless, the level of living in Panama was also much below the level of living in the Canal Zone. The level of housing in the Canal Zone was much higher for similar types of employment than for the people in Panama.

What I'm trying to emphasize is the divergence between the way of life in one area and the way of life in another area. This caused some dissension between the Panamanians and ourselves, but the greatest dissension was the remaining elements of the 1903 treaty. The principal one was, I think, Section 2, which said the United States would occupy the canal "in perpetuity," and that sovereignty over the Canal Zone would exist in the United States to the exclusion of the exercise of any sort of power by Panama.

Panamanians gave us the zone in 1903 because we had assisted in the separation of Panama from Colombia. Panama had been a part of Colombia. They revolted against Colombia several times but it never worked. Colombia would always send up troops and crunch the revolution, which always took place in Panama City because there was no other city of any importance. But due to Roosevelt's very great interest in having the canal and building the canal, we were able to so impair the ability of Colombia to get to the site of the revolution that it was successful, and we acknowledged the existence of the Republic of Panama almost immediately. And because of the distance between Washington and Panama City; and the fact that you

could only get from one place to the other by boat; and the fact that in their euphoria the Panamanians had given ambassador plenipotentiary rights to a Frenchman, Philippe Bunau-Varilla, who had been in charge of the French operation. They told him to go up north and generate a treaty, which he did, and which the Panamanians to their horror only saw after it was signed.

Nevertheless, let me emphasize the euphoria that took place in Panama when they were recognized by the United States as a separate nation, independent. Nevertheless, starting shortly after the treaty was signed, the idea of the United States owning "in perpetuity" this piece of land, which was the most valuable asset that Panama had and still has, started to grate. And many attempts were made in the treaties of the 1930s and 1955 to do away with that paragraph, which the United States would never do.

Now, we'll jump to the university system. In Latin America, universities are autonomous from the government. The government has no control over the university. They fund the university, nevertheless they cannot move in with police, they cannot have anything to do with the management of the university, and any attempt by soldiers or police to enter the campus causes riots of considerable importance. This happened in Mexico subsequently, and received quite a bit of newspaper coverage in the United States.

So this idea of the unfairness of the "in perpetuity" clause was a subject of considerable discussion in the university. Another peculiarity of university life, no matter how old a person was, if he took one course, he was a member of the student body. And by hanging around a fair amount of time he could become president, or vice-president, and be the driving force in any student organization. And people of a leftist ilk had taken over, as they had in other countries, the political action of the body of the students. There was one professor in particular who was continually inciting the students and the populace also--since there was not a dormitory in the university, people lived at home--to do something about the "unfairness" of the U.S. control of the zone.

It started to come to a head. I had a very good sort of FBI-like operation under my control, which kept me very closely informed as to things that were happening in Panama. And it all came down to the point six months ahead of time that there was going to be a real drive to get into the Canal Zone and plant flags and establish their sovereignty at the time of their national holiday in November. The details of what they were going to do became quite obvious. There was going to be a mass movement into the Canal Zone. Goodness knows what could have happened, but basically that was it. It was obvious that there was going to be damage and there was going to be breakage and burning.

So I prepared a plan to keep these groups out of the Canal Zone on both sides of the isthmus, Balboa and in Colon, though the problem there was going to be minimal. The plan involved four phases of action. The first phase was going to be sort of passive with my policemen walking around on Fourth of July Avenue, the curb on the Panamanian side being the boundary of the Canal Zone, a very indefensible position. The second phase would have been mobilizing more police and actively preventing them [the students] from entering, [and] the use of tear gas or fire hoses if necessary. The third phase was going to be the alerting of some troops. The commanders agreed that I would occupy the position of the governor of a state and the troops would be in a position of National Guard subject to my call.

Q: What was the fourth phase?

A: And the fourth phase would be barb-wiring the street and taking up an active defense against any attempts to get across.

The plan having been generated and examined by people who were interested in the Canal Zone, including the military, I asked for a meeting in Washington with senior members of the State Department and the Defense Department and any other interested department to review the plan and discuss it. We had such a meeting. I told them of my information of what was going to happen, how it was going to happen, and what the results might be if it did happen. The plan was discussed in detail

and received approval. There was only one question by a member of the State Department staff who asked couldn't I let them into the Canal Zone just a little bit? And I had to tell him no, because on our side of Fourth of July Avenue and all along the street there was considerable housing, and it's almost impossible without serious conflict to drive rioters out of a housing area. It has to be done piece by piece. There would be burning and destruction. There was agreement reached at that top level.

So we were all prepared. The logistics were worked out with the military, my police were alerted, the fire department was alerted. We were ready when the thing started.

Q: Excuse me. Let me interrupt to ask just one question. Was President [Dwight D.] Eisenhower alerted as to this plan, do you know?

A: I suppose. As I understand it, Presidents are alerted of all events of importance and foreign relations policy every morning. Whether he knew the details or not, I don't know, but I assume maybe he did. You must remember that Milton Eisenhower was very close to the President and he knew what could happen. I had known him and talked with him, but maybe not about this specific subject.

The riots started and the plan worked out perfectly, but within the course of a day I had to go to phase four. I had 180 policemen, but I only was able to mobilize about 100 because of needs elsewhere.

Q: This was on November 3, 1959?

A: Yes. One of the reasons why we had to go so rapidly into the following phases is that many of my policemen were going to the hospital with wounds resulting from rock-throwing. Riot preparation for rock supply involves casting a thin layer of concrete and breaking it up before it has its final set, and getting pieces of rock that are jagged on the end and of proper size. And these were being thrown at the police and hitting them and hurting them, and the police force was being reduced importantly. The tear gas didn't work because the wind

was blowing in the wrong direction. The hoses did work as long as we could get hoses in the right place.

Nevertheless, a huge mass of people, 4,000 or 5,000 people, did gather in that particular small area. So we went into phase four quite rapidly, and by that evening we had barbed wire along the Canal Zone and troops in field dress were manning--visibly manning--the barbed wire. This of course was just great for the media.

The thing that ruined my relationship with President de la Guardia was that as a part of my intelligence, we were able to monitor the Panamanian official radio, and we heard the president make the decision that none of the Guardia would show up in the area where the rioting was taking place. They could have taken care of the problem easily. But they were ordered to stay away. There's no police force in Panama except the Guardia Nacional, which is the National Guard. They are the local police in every town. There are no local police anywhere except the Guardia. But they never showed up; they were ordered not to show up. We taped the radio messages that directed their nonparticipation.

The press did a great service to themselves but a disservice to us. In one instance, a little girl ran across the street to the barbed wire and in theory slashed her wrists down the barbed wire, and then fell down in the street in a faint, and the photographers were there. This picture was published as far away as Vietnam.

In two or three days it was all over and things had settled down again except for the aftermath. It totally destroyed my relationship with the president, and I never saw him from that day on until I left some seven months later. It also caused quite a furor in the State Department. Everybody seemed to have forgotten that they approved the plan, and I was the person on the hot spot. Why did I do this, and why did I do that, and all that sort of thing. The State Department sent down the Under Secretary, other important people from the government. Milton Eisenhower came down. There were considerable discussions and even a reproduction in Time or Newsweek, I think Time, of a

Panamanian cartoon of me with long fangs and smoke coming out of my ears, and what a terrible person I was, and how I was Public Enemy Number One. And any popularity I had in Panama disappeared as to that day, with certain exceptions.

After all the barbed wire was down and the whole thing was over, you can imagine that the employees in the Canal Zone thought I was a great hero, and it heightened their dislike of Panamanians in general. It set up a very bad feeling between the Canal Zone people and the Panamanians, and there was no intercourse across the boundary line for a long time. My people didn't go over there, and theirs didn't come over on our side. Very bad for the merchants in Panama because our people bought a lot of merchandise over there that we didn't have in the Canal Zone, perfumes and linens and very beautiful things that were part of the tourist trade. It probably had some effect on boat tourists, too. Boats generally came through the canal from Colon, stopped in Panama for a day, and the shops were wide open as long as there was anybody around.

But, it took a long time before the serious wounds that existed between the two countries began to even get scar tissue on them. And it was many months before Mrs. Potter and I went into Panama. One great exception to their avoidance of us was that on Christmas Day, Dona Elisa Huertematte and her daughter came over to pay their Christmas call on us in the Canal Zone despite the frigid attitudes that existed.

The businessmen, even the U.S. businessmen, who did business in Panama felt that maybe I'd been too severe only as far as the end results were concerned, but not as far as what was necessary to quell the riots. There was a subsequent riot nowhere near as severe. Some of these were led by Cubans, but the second riot was done on a day when there was a torrential rainfall and enthusiasm faded.

Q: When you say "by Cubans," are you talking about Communist leaders?

A: Yes. Their technique is very good. They get on a

high point where they can direct the public. I think the best film of this is what happened to Nixon when he went to Colombia. Was it Colombia or Venezuela? Colombia, I believe. This happened shortly after my riot, and he could damn well have been killed down there. But if you look at the films of what happened down there, you'll see these men on higher, more prominent places directing the crowds to go this way and that way and shouting through bullhorns. It's a technique and a technology that is very interesting, and works, really works, because a mob is a mindless thing, you know. It will obey anybody's direction. It was scary.

Q: In the wake of the riots, did Eisenhower decide on any concessions to the Panamanians?

A: I think that it was about that time that they decided to put the flag, one flag, in Shaler Circle, which didn't satisfy them of course.

Q: Were more Panamanian products allowed into the Canal Zone to be sold or anything like that?

A: Well, our commissary bought Panamanian products and products that came through agents. You see, in Panama and in other Latin American countries, companies will have local agents that handle their products, handled only to the extent of paperwork; the actual product goes right to the buyer. And this is a very lucrative way of life. I remember one of the Panamanians when he was appointed to the Court of St. James as ambassador had 22 agencies, and his problem was to make sure that when he finished that job he'd still have the agencies when he came home. If you wanted an Arrow shirt, it had to come through one of the agencies over there. No, there was no reluctance on our buying from Panamanian sources whatsoever.

I was under a great deal of examination, but in the final run I even received a letter from Secretary Brucker praising the way I handled it and complimenting me on the great success, et cetera. And more accolades from organizations in the Canal Zone than you ever saw, but of course that was natural.

Q: There are some other questions that I want to ask

you about the Canal Zone. Do you recall any problems with a point called Contractor's Hill, a fissure, and it produced slides into the--

A: Contractor's Hill is at Culebra Cut.

Q: Oh, it is the same cut?

A: Yes. As time passes and the underfoundation, rock and shale foundations are overburdened and start to move a little bit, then you produce a crack at the top and you're liable to lose that whole face. So the policy that was started during construction of the Canal Zone in the 1900s was to slope back Culebra Cut as much as you had to in order to give a stable face. But it always slid and you could see it happening.

Q: I see. Do you recall any investigations or reports by the General Accounting Office about the Panama Canal Company, the GAO accusing the canal company of being spendthrifty, and also the GAO suggesting that perhaps the control of the canal be taken away from the Army, suggesting that through the governor the Corps of Engineers somehow ran the canal? And that, it be set up as an independent office, like the TVA?

A: What probably happened, everybody had aspirations to get in the various jobs, but I don't particularly remember that one. I can tell you that I kept a pretty close hand on all our expenditures, our budgets and the way money was allocated and used, and we had a very good accounting system.

Q: You're talking about the canal company as well as the--

A: Oh, yes.

Q: Did you use any of your financing and accounting procedures that you used in the Missouri River Division?

A: Well, they were pretty well established by the time I got down there. You must realize that a part of accounting down there, which had been developed over the years, was keeping track of tonnage, ships that went through, what their manifests were, how

much their tolls were, all of that was not only well in place, but established and rote.

Q: You've been, on and off, involved with the canal through the isthmus for much of your career in a sense, because you started with the Nicaragua Canal survey in the early '30s, and you ended up your military career at least as governor of the Panama Canal Zone. So, the question is, are you, and were you while you were governor of the Canal Zone, in favor of either a drastic enlargement of the canal, or perhaps supplementing the canal with a new canal?

A: It was pretty well established, at that time, and just prior to World War II, we started to enlarge the canal by putting in a third set of locks. It was called "The Third Locks Project," and Jimmy Stratton had a great deal to do with that. There was a lot of excavation done and huge piles of excavation existed in the Canal Zone. It was stopped as the war started because projects like that were not that necessary. But, I became convinced that a new canal, or an enlarged canal, was going to be necessary pretty fast, and by pretty fast, I meant within 20 years. And, I initiated a set of studies, seven volumes I think, to analyze how we should go about providing either another canal or fixing up this one.

This was in '58, I believe, and I became familiar with the great capabilities that nuclear explosions gave us, and I had several conferences with Dr. [Edward] Teller and others. I don't know how many canal studies had been made before my time, but many, and all the information as to alternate routes already existed. So the job was pretty simple as far as evaluating what routes were capable of being looked at. And, we had the ability to move large quantities of rock with nuclear explosion, which could be made safe as far as spreading of the nuclear particles. Teller convinced me that this would be possible--and as I say, we worked very closely on this--and came to a decision that there was a route through Colombia just south of the Panamanian border, which would be twice as long. But we would have to go through only one ridge, the rest of it being low-lying ground that was easily accessible by big dredges and not very highly occupied. Very few people in the area where

it would go, and none at all, practically, where we'd have to go through the rock of the mountain chain.

My idea was that we would build a canal at sea level that was wide enough so that maintenance would be minimal after it was finished, and that we could do away with the big resident population. The canal company, in my time, had 14,000 employees, and that includes schoolteachers, of course. But, we could do away with the big resident population. We could do away with the idea of big towns and fire departments and police force and all that. All that we'd really have to have is some sort of an organization that would keep track of the ships going through and the tonnage on them and a way to collect tolls. I'd even thought that once it was finished, we might turn it over to Colombia to operate and get out of Panama. I presented this plan informally to members of the Congress. They thought that six of the seven volumes were awfully good. The seventh, going through Colombia and using atomic weapons, they didn't want to face up to at that time. But, the whole darn report, less the recommendations, was published as an official government document by the Congress without any recommendations on their part at all. Of course, nothing ever came of it, until we had the International Oceanic Study Commission, which I was not a part of, which again examined all these things, and examined nuclear explosives and came to the conclusion that the expansion of the Panama Canal, to a sea-level canal, not only was feasible but that would be the project that we'd go ahead with. I might say that the idea of sea levelling the Panama Canal had been studied in great depth, and the methods of doing it had already been established, partially by Jimmy Stratton and his group, the complexity of the dredges and how they would operate and what we'd do with the fill, et cetera, that already existed.

When it became known to the Panamanians that there was some consideration of building a canal somewhere else, they got on their high horses, and said we'd have to pay them for what we left. Huge amounts of money. Despite the fact that it would be a very usable canal, and if they could operate and maintain it, they'd get a lot of freight

through it. What I wanted to get out of was the area of dissension, and by building a canal, and somehow or other, having Colombia or the shipping nations participate in the financing, and then turning it over to maybe the United Nations, or Colombia, for operation and maintenance, sounded to me like a good idea. But it didn't quite face up to the national pride of Colombia, which would have come to the fore if such a project was ever initiated.

Q: I have to ask you, since you've been so involved with Panama, what is your opinion of the U.S.-Panama Treaty?

A: Of course, when negotiations were re-initiated by President Carter, they'd been going on for some time. To negotiate a treaty with anybody, it's not do it tomorrow and get it done. It's a long, involved operation, and even after President Carter got in the act and really got things going again, it took a long time to bring it to fruition, and the negotiations were carried on in sort of secret--down in the same island where the Shah of Iran later stayed. The governor of the Canal Zone was not asked into the meetings, but subjects that came up were put to him for comment.

As it began to look like there was going to be a big drive, of course, I had to, as a person with my background, evaluate what I was going to do or say. I was against the idea, the way it started to develop. I never made any speech against it. Senator [Russell B.] Long called me when the treaty was getting close to coming to the Senate, and asked for my opinion. I have a feeling, and I've expressed it before, that a treaty, some sort of a treaty, that not only admitted Panama's interest in the canal, but eventually ownership of the canal, would be inevitable. The problems had mostly to do with making sure that it was still operable, that the terms were fair to the United States, and that the terms on our part were not a reaction to black-mail. Perhaps it's a good thing that it's all over and the thing is established this time, but I think it basically was too rapid. People have said to me, "Well, what were you afraid of, Joe, about Panamanians operating the--Egypt operates the Suez Canal?" Well, the Suez Canal is a sea-level canal

where the only problem is dredging and maintenance. We had these locks that have to be carefully maintained, regularly maintained, and the proper amount of money spent to maintain. The treaty with Panama provides that they get a certain amount of monies, and the only way they're going to get certain amounts of money is by raising tolls, and anytime you raise tolls appreciably, at least to the extent of paying them what they say they're going to get in the treaty, you might start to have a great impingement on the income of the canal.

I used to know Mr. [Daniel] Ludwig. He came through the canal twice while I was there, and we sat and discussed the size of his ships. His ships, his newer ships, couldn't go through it now. Much too wide. Much too long. And he said, "Well, years ago we gave up the idea of planning our operations around the canal. There were two ways: the first way was to go around the horn, which is somewhat impractical. The other way is to have fleets in each ocean so that you don't need the canal. The United States is supplied with oil on the East and the West Coasts and the South Coast. Oil can come from the Middle East for the East Coast, it'll come from Sumatra and those places for the West Coast. And, his philosophy was that planning for larger ships just gave up the idea of either thinking about using the canal or plumping for a larger canal.

Q: What did you think about Mr. Ludwig? That's pretty interesting that you got to meet the fellow.

A: Oh, he was very interesting. I heard that his yacht was tied up there on the Pacific end and that Clark Gable and his wife were guests, and he was there a day, and I sent a message down that important people didn't come and do things like that without calling on the governor! By golly in an hour he was up in my office. I mean, he actually came up there, really fast. And, it happened again, only that time I didn't have to alert him, because he called and made a date and came up to see me. You've got to admire a man that from nothing can generate the biggest shipping empire in the world. And operate it. Fascinating fellow. Positive, like Lucius Clay, as far as his ability to make decisions and get things done, and, of

course, his empire's all over the world.

Q: Before we turn away from Panama, are there any concluding observations, or anything that we haven't covered that you'd like to mention now?

A: Oh, maybe minor, but I told you before how I wanted to provide ways for the people in the Canal Zone to become more attuned to the fact that it was an artificial life. And so when I would hear, as I always did, that prominent people were coming to Panama, or coming down to the Canal Zone, I'd make a date for them to come to the Balboa Theater, and I'd alert all of our employees on that end of the canal to come. In one case, Mr. [George] Meany was there to talk to them about labor in the United States. I think we probably did this a half a dozen times with very prominent, worldwide figures who always agreed to do it, and I'd get 300 or 400 employees, who, of course, got out of work for that time, to come and listen to these people about things that were happening in the United States and the world.

Q: That's nice.

A: It worked.

Q: In 1960, you left the Army. However, there evidently was some talk at the time of your succeeding General Itschner in the position as Chief of Engineers. I'm wondering if you can talk for a couple of minutes about first of all, your decision to leave the Army, and second, about this talk about your becoming Chief of Engineers.

A: Well, of course, as you realize, this is a very personal thing. But I think I'd like to get it on the record because, historically, it may not be important, but as far as the way it changed my life, it was very important.

I think I can say, without too much argument, that I was destined to be the next Chief of Engineers, and, in fact, General Itschner so informed me. He came down to the Canal Zone and stayed with us, and inspected the Canal Zone in my last year, but before the riots. And, he was highly impressed with the way the thing was operated, and what a

fine operation it was, how it was maintained as to engineering, and the projects we had under way, the kind of people we had. He met my staff and talked to them. He told me at that time that he was considering two people to recommend, myself and one other, but after the visit to the Canal Zone, he said, there's no way out, you're going to be my recommendation. That was firm.

Then we had the riots. This, of course, generated all the publicity that I've told you about in the past, and posed problems with the State Department and their relations with Latin America, so sometime in May, I guess it was, 1960, on a Saturday, I came home from my golf game, which I always played with General [Ridgely] Gaither and a couple of others, and Ruthie said, "Sit down," and so I sat down, and she said I got a call from Emma, and he said that the Army had asked him to stay on after the end of his tour. This has only been done once before in my memory, and that's when they tried to keep General Pick out as Chief, when they asked General Wheeler to extend his tour.

I saw what was happening, and on a subsequent trip up to Washington, I asked the Chief how long he was going to stay on. Well, he had no answer to that, he didn't know, as long as the Army wanted him to stay on. I had an idea what was happening. The idea was that they didn't want to have to make a recommendation, but through a little research I discovered that the State Department, unwritten, of course, had indicated that it'd be quite a blow to the prestige of Panama, and create some further dissension, if I were promoted to such a high position. I had no backing for that, Emma never would substantiate it, he would never answer questions as to whether or not that was the purpose of his being asked to stay on.

After I left the Canal Zone I reported in the Chief's office, and I probably knew this ahead of time, to see what I was going to do, if I would wait out this thing. They had no job for me that amounted to anything. I was going to be chairman of four committees: Board of Engineers for Rivers and Harbors, the Beach Erosion Board, some personnel board, and some other board, and that's the only job that the Chief could think up for me to

have. The Army didn't want me because all of my background, except the National War College, since the war, had been on civil works, in relations with civilian entities. So, it was quite obvious that something else had to be done.

Emma did tell me that Mr. [Robert] Moses, of the New York World's Fair, was looking for an executive vice-president, and had approached him to see whether he'd take that job after he retired. Emma already had his arrangements made to go to India or someplace like that. A very important position, which he was damn well competent to hold and carry on, and which I, as an individual, was preventing him from accepting! 'Cause he had to do, he felt he had to do, what the Army wanted him to do, stay on. So, at the same time, I was approached by the World Bank. General [Raymond A.] Wheeler was consultant to the World Bank, and he asked me to come over and talk with him. They had a very important project going on. It was a study in Argentina, having to do with evaluation of their transportation systems, rail, bus, road, and ports. And, the World Bank was going to fund a very extensive study that'd last two or three years. He wanted me to take over leadership of that study. I told him, in negotiations with the World Bank, that I couldn't retire from the Army with just two or three years of future employment. I just didn't feel that that would be enough. If I was going to go with them, I would want a continuing job. You see, salary in the World Bank is tax-exempt, and so, finally, we arrived at sort of a tentative agreement.

They said that they'd keep me on for either five or ten years at a modest retainer after the Argentina thing, but I was assured there'd be other projects coming up. But, at the same time at his invitation, I'd gone up to see Mr. Moses. I visited him twice, and the second time he offered me the job of executive vice-president at a stated salary. I told him I'd have to discuss this with Mrs. Potter, that I was going back to Washington, going to West Virginia to visit her mother, which we did. And, the next day I got a call from Sid Shapiro, who was Mr. Moses' more or less right hand, saying that they'd had a meeting with the board of directors of the World's Fair, and I'd been employed. That's the way Mr. Moses worked. That sort of fixed